



Refresh

The UN [Principles for Responsible Investment](#) (PRI) held its annual [meeting](#) in Montreal Wednesday-Friday:

➤ **Governance.** PRI chair [Martin Skancke](#) presented signatories with a new [governance](#) plan that largely follows July [recommendations](#) to merge its elected advisory [council](#) and appointed [board](#) (GPW XVIII-29). **The proposed new board would have 11 voting members, with 7 seats reserved for asset owners to keep them in control.** The PRI rejected a nominating committee in favor of direct nominations by signatories. Board members would serve three-year terms with a three-term limit. The new governance structure addresses complaints about the dual board structure, which prompted 10 Danish funds to quit the PRI last year (GPW XVII-46). The plan will be put to a vote in December and implemented in April.

➤ **Elections.** [Candidates](#) were announced for seven open slots on the existing council, which will continue until April. [CalPERS](#) trustee [Priya Mathur](#) is the only board member running for a council seat. Electronic voting starts Monday with winners announced November 24.

➤ **Plan.** The PRI will release a three-year plan next month that includes higher fees for some asset managers and lower ones for smaller funds and ones in developing markets.

➤ **Research.** The PRI [Academic Network](#) discussed more than two dozen studies on practical applications of ESG analysis at its annual [conference](#) that ran Monday-Wednesday before the PRI meeting. Eight address engagement, including the winner of the [Sustainalytics](#) best paper [award](#): [Why talk? A Process of Model of Dialogue in Shareholder Engagement](#), by [Fabrizio Ferraro](#) of the [IESE Business School](#) and [Daniel Beunza](#) of the [London School of Economics](#). All will be posted on the network site soon.



Briefings

↑ **Resale Value** [GMI](#)'s board decided to sell the firm last month because it needed a delivery

platform to scale up from 1,000-plus customers to multiples of that, something [MSCI](#) already had, says GMI director and principal co-owner [Bob Monks](#) (GPW XVIII-31). GMI was hesitant to make the investment since it had been basically breakeven as it struggled to integrate 2010 mergers with [The Corporate Library](#) and [Audit Integrity](#) (GPW XIV-44). MSCI's sale of [ISS](#) happened at the ideal time, since MSCI all of a sudden needed a governance data supplier just when GMI was mulling how to fund an expansion, Monks told [GPW](#). GMI also negotiated with [Sustainalytics](#), which is building a rival ESG data platform and already has a team of 25 tech experts. But it offered only stock, not the cash MSCI ponied up. Monks, who also [co-founded](#) ISS, [The Corporate Library](#) and [Governance for Owners](#), sees vast opportunity as governance investment factor analysis goes mainstream: '[Bloomberg](#) in words,' he says.

💰 **Cha-Ching!** *Excessive executive pay is actually down in Australia, a global first, and under fresh attack in the Netherlands:*

➤ **Australia.** Average CEO pay in the [ASX 100](#) has fallen to 63 times that of average full-time employees, down from a 94 multiple at its 2007 peak, finds an annual [survey published](#) September 18 by the [Australian Council of Superannuation Investors](#) (ACSI). Termination bonuses plunged even more, down 70% from 2008. **Just as impressive, variable pay is now more tightly linked to long-term performance, says ASCI CEO Gordon Hagart.** Credit increased collective engagement by groups such as ASCI and [Regnan](#) as well as say-on-pay votes that began in 2006 and the 2012 two-strikes law requiring a ballot on whether to hold a board election after back-to-back failed pay votes (GPW XVII-02).

➤ **Netherlands.** European executive remuneration policies should "be linked as closely as possible to the fundamental value drivers of the companies" rather than market indicators such as total shareholder return, counsel [guidelines published](#) Monday by Dutch pension provider [APG](#). Expect an even tougher line from the €374 billion manager, which already voted against 35% of European pay reports in the past year.

 **Access** Allowing investors to nominate directors on corporate proxies would increase shareowner wealth and improve board performance, finds a [review](#) of five academic studies published September 19 by the [CFA Institute](#). The review attempts to answer the 2011 court [ruling](#) that struck down proxy access on the grounds that the [Securities and Exchange Commission](#) had not done an adequate cost-benefit analysis ([GPW XVIII-19](#)). Although the commission has declined to appeal the decision so far, the report urges it to reconsider the issue.

 **Toolkit**

Thirty-four firms in the **S&P 300** now voluntarily disclose at least some political spending out of 139 that have never faced a shareowner resolution asking them to, finds an annual [ranking](#) published Wednesday by the [US Center for Political Accountability](#). Overall 193 companies disclose such spending, including 127 that open up on donations to trade associations.

Shareowners voluntarily withdrew nearly 12% of their AGM resolutions at **Russell 3000** firms in the 2014 proxy season, double the 2012 figure, finds [Proxy Voting Analytics](#), released Tuesday by the [US Conference Board](#) and [FactSet](#). “This finding reflects the success of renewed corporate efforts to engage with key shareholders,” the report concludes.

Integrated reporting has improved relations with investors for 56% of companies that participated in the in the [International Integrated Reporting Council](#)’s three-year company pilot [program](#), which ends this month, finds a [survey released](#) Wednesday of 66 corporate participants.

A PwC survey of 85 investment pros around the world [released](#) the same day found that 63% thought a company’s reporting on strategy, risks and other drivers of value could have a direct impact on its cost of capital.

Nearly 30% of new board nominees at **S&P 500** companies were women, up from 15% in 2008, finds a [paper released](#) yesterday by [ISS](#).

Shareholder engagement “is still in its infancy among European companies,” finds a [review](#) of practices published Wednesday by French SRI manager [Mirova](#).

 **Update**

The September 19 [vote](#) against separating Scotland from the UK has not ended the risk of major regulatory

change for Scottish financial institutions ([GPW XVIII-32](#)). Although the [Royal Bank of Scotland](#) [said](#) it had dropped a contingency plan to move to the UK, [Standard Life](#) offered no such guarantee. Instead it [said](#): “We recognise that further constitutional change is very likely following the clear result of the referendum.” Expect continued uncertainty as Scotland negotiates new terms of its relationship to the UK.

 **People**

[Craig Metrick](#) has [joined Cornerstone Capital](#) to oversee outreach to managers and funds. He has been head of US responsible investment at [Mercer](#).

 **Diary**

The calendar for October, Part 2. Click [here](#) to access the entire 2014 diary on [GPW](#)’s website.

- Oct. 14, **Geneva**. *Global Dialogue, Sustainable Stock Exchanges Initiative*. [www.sseinitiative.org/](#).
- Oct. 15, **Boston**. *Investor/Issuer Forum, Broadridge*. [www.broadridge.com](#).
- Oct. 15, **London**. *SEC Regulation Outside the United States, InvestoRegulation*. [www.investoregulation.com/](#).
- Oct. 15, **Melbourne**. *Fund Governance Symposium, Australian Institute of Superannuation Trustees*. [www.aist.asn.au/](#).
- Oct. 15-17, **Liverpool**. *Annual Conference, National Association of Pension Funds*. [www.napf.co.uk/](#).
- Oct. 21, **London**. *Quantifying ESG, Gens Terra Quaestus*. [www.gtqinternational.com/](#).
- Oct. 21, **New York**. *ESG in Manager Selection, Responsible Investor*. [www.responsible-investor.com](#).
- Oct. 22, **Amsterdam**. *Quantifying ESG, Gens Terra Quaestus*. [www.gtqinternational.com/](#).
- Oct. 25, **Toronto**. *Corporate Governance Day, Stanford/Rotman*. [www.rotmanexecutive.com/stanfordrotman](#).
- Oct. 27, **London**. *Long-term investment in UK equity markets, Investment Management Association*. [http://www.investmentuk.org/](#).
- Oct. 27-8, **Milan**. *European Conference on Corporate Governance, Council of the European Union*. [www.assonime.it/](#).
- Oct. 28-29, **Amsterdam**. *TBLI Conference Europe, TBLI*. [tbli.org/](#).
- Oct. 30, **Newark, Delaware**. *Board Composition, Weinberg Center for Corporate Governance*. [www.lerner.udel.edu/centers/weinberg](#).